Morris, Craig

From: Vince Amberly (b)(6)
Sent: Monday, February 07, 2011 7:50 PM
To: TMFeedback
Subject: Small Business Study
Attachments: Response to USPTO Request for Information.pdf

Dear Under Secretary Kappos:

Please find attached my response to the USPTO's request for comments regarding how large companies are abusing trademark law. Please find my response attached, and feel free to call on me if I can be of any further assistance in this regard.

Thank you for the opportunity to respond.

Vince Amberly

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February 7, 2011

The Honorable David Kappos
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office ("USPTO")
Mail Stop Comments
P.O. Box 1450
Alexandria, VA 22313.1450

Via Email

Re: USPTO SMALL BUSINESS STUDY

Dear Under Secretary Kappos:

The undersigned trademark attorney appreciates the opportunity to submit comments in response to the USPTO's request for comments regarding the study on trademark litigation tactics. I have been representing small businesses before the USPTO and in Federal Courts throughout the United States since 1987 and, in most instances, the corporations enforcing their trademark rights have been reasonable and justified in the actions that they have taken.

Unfortunately, during the past two years, one of my clients has become a victim of a corporation that has been so aggressive in asserting its trademark rights that my client has to continue to spend an inordinate amount of time and money to defend itself in an opposition that should never have been brought in the first place, as any reasonable company would clearly recognize there is no likelihood of confusion between a magazine and a Hall Of Fame which is now working on building a physical facility that both share the 300 year old noun which is the word "Entrepreneur."

Before starting to practice in the trademark area, I handled antitrust prosecution for the State of Delaware and at the Federal Trade Commission. The grant of a trademark registration is, effectively, the grant of a legal monopoly to use a particular word or words. The USPTO does not intend that legitimate owners of federal trademark registrations would abuse their privileges and attempt to expand their "trademark monopoly" beyond the scope of the approved description of goods and/or services in the registration. However, the overly aggressive bullying tactics used by some federal trademark registration owners has enabled these very same entities (individuals or companies) to overstate their rights and to enforce these "alleged rights" in a manner that permits them to expand their monopoly position in the marketplace. In many cases, these overly aggressive and bullying trademark owners have been permitted to reduce or eliminate competition in the marketplace by their tactics.

1. **Please identify whether you are a trademark owner or practitioner, and the general size and nature of your business or trademark practice, including the number of trademark applications and registrations your business has, or your practice handles. Please note that the USPTO will fully consider any comments you submit, even if you choose not to identify yourself in a particular manner.**

RESPONSE:

I am a trademark practitioner, and have been practicing trademark law since 1987 when I joined Mason, Fenwick & Lawrence in Washington, DC. I have handled large scale litigation in various Federal Courts throughout the United States, and I have brought or defended numerous oppositions and cancellations on behalf of clients before the Trademark Trial and Appeals Board ("TTAB"). In addition, I have filed numerous trademark and service mark applications with the USPTO during the past twenty-four (24) years. During some years, I have filed well over one hundred (100) trademark applications, while in other years I have only filed ten to twenty trademark applications per year. I am a member of the Delaware, District of Columbia and Virginia bars, as well as numerous U.S. District Courts and Courts of Appeals, including the U.S. Court of Appeals for the Federal Circuit and the U.S. Supreme Court. I have been practicing law, mostly in Federal Court, for more than 30 years and, as noted above, have had extensive experience in the antitrust area including lectures and published papers on the interface between antitrust and intellectual property laws.

2. In approximately the last 5 years, please describe any instances of which you have first-hand knowledge where a small business may have been the target of litigation tactics attempting to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to the trademark owner.

RESPONSE:

Entrepreneur Magazine, Inc. ("EMI") has been harassing my client Magic Wand Creations, LLC for almost two years. In September 2009, EMI's counsel forwarded a demand letter to Magic Wand that EMI claimed had been sent almost a year earlier. EMI has obtained several different trademark registrations that include the word "Entrepreneur;" however, it appears that all of EMI marks involve the publishing and distribution of their Entrepreneur magazine. Meanwhile, one of Magic Wand's principals, Mitchell Schlimer, had previously owned and used the trademark ENTREPRENEUR'S HALL OF FAME (Reg. No. 2,246,799) since at least as early as November 1997 and he had assigned all of his rights to the mark to Magic Wand Creations upon the sale of his company and assets which included this mark. After learning about EMI's aggressive trademark practices, my client filed additional applications for the marks ENTREPRENEUR HALL OF FAME & MUSEUM, Serial No. 77814946; ENTREPRENEURSHIP HALL OF FAME & MUSEUM , Serial No. 85000586; INTERNATIONAL ENTREPRENEURSHIP HALL OF FAME & MUSEUM, Serial No. 85001015; and NATIONAL ENTREPRENEUR HALL OF FAME & MUSEUM, Serial No. 85001043.

3. Please describe situations where you have been involved in receiving a cease-and-desist letter. Anecdotal information might include, but is not limited to, a description of whether the letter resulted in the small business ceasing its use of one or more marks, or whether the sender of the cease-and-desist letter withdrew or abandoned its demands against the small business owner.

RESPONSE:

Magic Wand Creations received a demand letter from EMI that insisted that Magic Wand could not use the Entrepreneur name or mark in any manner. Although Magic Wand was seeking to use this word as part of a several word trademark to identify the hall of fame that it planned to build to honor entrepreneurs, EMI insisted that this use would be confusingly similar to its use of the Entrepreneur word to identify its magazines. It is important to realize that my clients have been operating as the Entrepreneur Hall of Fame for the last decade, and has been represented on the Internet or virtual at http://www.theehalloffame.com.

4. Please describe situations where you have been involved in trademark litigation in state or federal courts. Anecdotal information might include, but is not limited to, a description of whether the lawsuit settled on the basis of the small business agreeing to cease its use of one or more marks, or on the basis of the plaintiff withdrawing or abandoning its trademark-related allegation(s). Alternatively, relevant information might include whether such lawsuits resulted in a court judgment and the nature of the judgment (such as requiring the small business to cease its use of one or more marks, assessing monetary liability (damages, lost profits, or attorneys' fees) against the small business, requiring the plaintiff to pay the defendant's attorneys' fees, or imposing sanctions against the plaintiff under Rule 11 of the Federal Rules of Civil Procedure).

RESPONSE:

Most of the lawsuits that I have handled in Federal Courts were on behalf of trademark owners who were seeking injunctive relief. In many of these cases, I sought a preliminary injunction on behalf of my clients. Typically, defendants in these cases who were small businesses would try to work out some type of compromise to enable a transition to a new name and mark. Also, in most of my cases, my clients did not seek damages, attorneys' fees or costs. However, if there was bad will involved in the case or the defendants had acted in a fraudulent manner, several of my clients insisted that the defendants pay attorneys' fees and costs in order to settle without going to trial. None of the federal court matters that I have been involved with involved the imposition of sanctions under Rule 11.

5. Please describe situations where you have been involved in opposition/cancellation proceedings instituted at the USPTO against small business owners. Anecdotal information might include, but is not limited to, a description of whether the proceedings settled on the basis of the small business agreeing to abandon its application(s) for one or more marks, or whether the proceedings settled on the basis of the plaintiff withdrawing or abandoning its notice of opposition or cancellation petition. Alternatively, relevant

information might include a description of whether such proceedings resulted in a decision by the USPTO Trademark Trial and Appeal Board ("TTAB") refusing to register/canceling one or more marks owned by the small business, or whether such proceedings resulted in the TTAB imposing sanctions against the plaintiff under Rule 11 of the Federal Rules of Civil Procedure.

RESPONSE:

In some of the opposition/cancellation proceedings that I have represented small business owners, the cases were settled on the basis that the small business owner agreed to cease using its trademark if it was clear that the other side had senior rights to the trademark. In other cases, these opposition/cancellation proceedings were settled when one of the small business owners agreed to modify the description of goods or services in its application. In one matter, the TTAB ruled against my client who was a small business owner, and held that he could not use the word "Open" to identify a golf tournament. None of the opposition/cancellation proceedings that I have been involved with involved the imposition of sanctions under Rule 11.

6. Do you think trademark owners currently encounter the problem of other trademark owners using their trademark rights to harass and intimidate another business beyond what the law might be reasonably interpreted to allow? If so, how significant is the problem?

RESPONSE:

I do not see this as a significant problem. However, since experiencing EMI's aggressive actions first hand against my client Magic Wand Creations, I have heard of and learned of countless other extremely aggressive demand letters, enforcement actions and/or lawsuits initiated by EMI over the last 20 years against small business owners, as EMI has used its large resources to monopolize the word Entrepreneur. Thus, many other small business owners who sought to use the word Entrepreneur to identify their goods or services, which were totally unrelated to EMI's magazine, were forced to choose another name or mark.

7. Do you think aggressive litigation tactics are more pervasive in the trademark area than in other areas of the law?

RESPONSE:

I cannot be sure; however, when these tactics are used, it is extremely difficult for small business owners to adequately defend themselves as seen in many of the cases where EMI goes after virtually anyone who uses the word Entrepreneur even where such use has nothing to do with magazines, like the ones published by EMI.

8. Do you think the USPTO has a responsibility to do something to discourage or prevent aggressive trademark litigation tactics? If yes, what should the USPTO do?

RESPONSE:

Yes, I do. When the USPTO has evidence of overly aggressive litigation tactics, it should seriously consider cancelling the guilty party's trademark(s). Legal grounds could include laches or unclean hands. The USPTO is extremely knowledgeable about the scope of trademark rights, so when it takes action like this against a trademark owner the Federal Courts will likely follow the lead of the USPTO and prevent future aggressive trademark litigation tactics by this entity.

9. Do you think the U.S. courts have a responsibility to do something to discourage or prevent aggressive trademark litigation tactics? If yes, what should the U.S. courts do?

RESPONSE:

Yes, the U.S. courts should do something to discourage or prevent aggressive litigation tactics. When the U.S. courts obtain evidence of overly aggressive litigation tactics, they should seriously consider cancelling the guilty party's trademark(s) and dismissing any lawsuits that have been brought. As noted above, the U.S. courts could rely upon laches or unclean hands to support them in taking action against a party using overly aggressive litigation tactics.

10. What other U.S. agencies may have a responsibility to do something about the problem?

RESPONSE:

I am not sure. The Customs Service should certainly receive notice of any action taken by the USPTO or the U.S. courts.

11. Do you think Congress has a responsibility to do something to discourage or prevent aggressive trademark litigation tactics? If yes, what should Congress do?

RESPONSE:

Possibly; however, this may well suit itself to a case by case analysis or scrutiny by the USPTO and the U.S. courts.

12. Please provide any other comments you may have.

RESPONSE:

The overly aggressive trademark litigation tactics can severely damage a small business owner who does not have enough resources or time to adequately defend itself against these tactics. If the USPTO could take any action in this area, it would greatly assist those small business owners who are adversely affected by these actions.

Thank you for your cooperation and assistance in addressing this significant concern for some small business owners.

Respectfully,

/s/ Vince Amberly

Vincent M. Amberly

cc: Magic Wand Creations, LLC